

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7429

BILL NUMBER: HB 1599

DATE PREPARED: Jan 7, 1999

BILL AMENDED:

SUBJECT: Highway funding.

FISCAL ANALYST: James Sperlik

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill changes the basis upon which the Auditor of State distributes money from the Local Road and Street Account among the counties from a distribution based only on passenger car registrations to a distribution based on passenger car and pickup truck registrations. It phases in the change over a five year period beginning July 1, 1999. The bill provides that if, because of the addition of pickup trucks to the Local Road and Street Account distribution formula, a county, city, or town receives a smaller distribution from the account or receives a smaller distribution of certain other taxes that are allocated in the same proportion as distributions from the account, the county, city, or town is entitled to an additional state distribution equal to half of the difference.

Effective Date: July 1, 1999.

Explanation of State Expenditures: The Auditor of State can accomplish the changes in the distribution formula of the Local Road and Street Account within its current budget. The fund affected is the State General Fund.

This bill provides that if, because of the addition of pickup trucks to the Local Road and Street Account distribution formula, a county, city, or town receives a smaller distribution from the account or receives a smaller distribution of certain other taxes that are allocated in the same proportion as distributions from the account, the county, city, or town is entitled to an additional state distribution equal to one half the difference. This bill appropriates the amount necessary to make the distribution. The Auditor of State is to make the distribution from the State General Fund.

Based on 1998 distributions through the Local Road and Street Account, the change in the Local Road and Street Account formula contained in this bill would produce increased distributions for 525 entities and reduced distributions for 135 entities, amounting to \$4.6 million when fully implemented. The State General Fund would contribute \$2.3 million (50% of the \$4.6 M) to those units that would receive reduced distributions when the bill is completely phased in. Below is a table which shows the impact of this proposal

over the five year phase-in period:

<u>Year</u>	<u>%</u>	<u>Amount</u>	<u>State Contribution</u>
1999-2000	20	\$920,000	\$460,000
2000-2001	40	\$1,840,000	\$920,000
2001-2002	60	\$2,760,000	\$1,380,000
2002-2003	80	\$3,680,000	\$1,840,000
2003 & beyond	100	\$4,600,000	\$2,300,000

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This will change the amount of Local Road and Street Account funds received by counties and cities and towns and favor those with more pickup trucks at the expense of those that do not have as many pickup trucks in relation to the total number of passenger cars and pickup trucks registered. The proposal phases in the change over a five year period. This proposal does not increase the amount of funds to be distributed from the Local Road and Street Account, but rather rearranges the winners and losers. However, it does provide some relief to those entities which would lose funds under the new formula by providing a special distribution equal to one half the difference between what the entity would have received under the current formula and what the entity will receive under the proposed formula.

Based on 1998 distributions through the Local Road and Street Account, the change in the Local Road and Street Account formula contained in this bill would produce increase distributions for 525 entities and reduced distributions for 135 entities, amounting to \$4.6 million. See table in Explanation of State Expenditures.

State Agencies Affected: Auditor of State.

Local Agencies Affected: Those entities which receive Local Road and Street Account funds.

Information Sources: Auditor of State; Bureau of Motor Vehicles. Additional information is available from the Office of Fiscal and Management Analysis.